

PRINCIPAL STATEMENTS

DEPARTMENT OF DEFENSE

***AGENCY-WIDE
FINANCIAL STATEMENTS***

PRINCIPAL STATEMENTS

PRINCIPAL STATEMENTS

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PRINCIPAL STATEMENTS

**Department of Defense
CONSOLIDATED BALANCE SHEET
As of September 30, 1998
(In Thousands)**

		FY 1998
ASSETS		
Entity Assets		
Total Intragovernmental		\$324,060,303
Fund Balance with Treasury (Note 2)	\$167,325,892	
Investments, Net (Note 4)	153,121,002	
Accounts Receivable, Net (Note 5)	3,456,443	
Other Assets (Note 6)	<u>156,966</u>	
Accounts Receivable, Net (Note 5)		6,997,019
Cash and Other Monetary Assets (Note 3)		19,423
Inventory and Related Property, Net (Note 8)		122,129,723
General Property, Plant and Equipment (Note 9)		126,219,193
Stewardship Assets (National Defense PP&E, etc.)		See Stewardship Statement
Other Assets (Note 6)		<u>10,292,497</u>
Total Entity Assets		<u>\$589,718,158</u>
Non-Entity Assets		
Total Intragovernmental		\$632,795
Fund Balance with Treasury (Note 2)	\$196,256	
Accounts Receivable, Net (Note 5)	<u>436,539</u>	
Accounts Receivable, Net (Note 5)		147,562
Cash and Other Monetary Assets (Note 3)		499,945
Other Assets (Note 6)		<u>196,019</u>
Total Non-Entity Assets		<u>\$1,476,321</u>
Total Assets		<u><u>\$591,194,479</u></u>
LIABILITIES		
Liabilities Covered by Budgetary Resources		
Total Intragovernmental		\$6,761,918
Accounts Payable	\$2,049,614	
Debt (Note 10)	1,094,710	
Other Liabilities (Notes 11, 12, and 15)	<u>3,617,594</u>	
Accounts Payable		9,760,885
Military Retirement Benefits and Other Employment Related Actuarial Liabilities (Note 13)		148,762,698
Other Liabilities (Notes 11, 12, and 15)		<u>11,870,207</u>
Total Liabilities Covered by Budgetary Resources		<u>\$177,155,708</u>

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATED BALANCE SHEET
As of September 30, 1998
(In Thousands)

	FY
	1998
Liabilities Not Covered by Budgetary Resources	
Total Intragovernmental	\$1,788,882
Accounts Payable	\$83,461
Debt (Note 10)	130,221
Other Liabilities (Notes 11, 12, and 15)	<u>1,575,200</u>
Accounts Payable	437,458
Military Retirement Benefits and Other Employment	
Related Actuarial Liabilities (Note 13)	728,128,851
Environmental Cleanup (Note 11)	34,155,873
Other Liabilities (Notes 11, 12, and 15)	<u>6,850,349</u>
Total Liabilities Not Covered by Budgetary Resources	<u>\$771,361,413</u>
Total Liabilities	948,517,121
NET POSITION	
Unexpended Appropriations (Note 14)	\$158,587,453
Cumulative Results of Operations	<u>(515,910,095)</u>
Total Net Position	<u>(\$357,322,642)</u>
Total Liabilities and Net Position	<u><u>\$591,194,479</u></u>

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATED STATEMENT OF NET COST
For the period ending September 30, 1998
(In Thousands)

	FY 1998
Program Costs	
Intragovernmental	\$13,157,413
With the Public	304,214,395
Total Program Cost	<u>\$317,371,808</u>
Less: Earned Revenues	<u>(37,105,478)</u>
Net Cost of Operations	<u><u>\$280,266,330</u></u>

Additional information included in Note 16.

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATING STATEMENT OF NET COST
For the period ending September 30, 1998
(In Thousands)

	GENERAL FUNDS			WORKING CAPITAL FUNDS	
	Army	Navy	Air Force	Army	Navy
Military Personnel					
Intragovernmental	\$1,120,621	\$349,610	\$19,576	\$0	\$0
With the Public	25,335,348	24,613,329	19,369,574	0	0
Less: Earned Revenues	(183,372)	(315,546)	(229,441)	0	0
Net Program Costs	<u>\$26,272,597</u>	<u>\$24,647,393</u>	<u>\$19,159,709</u>	<u>\$0</u>	<u>\$0</u>
Operations and Maintenance					
Intragovernmental	\$9,610,955	\$7,609,916	\$7,604,170	\$0	\$0
With the Public	18,558,635	19,205,827	18,795,266	0	0
Less: Earned Revenues	(675,552)	(2,971,915)	(1,886,961)	0	0
Net Program Costs	<u>\$27,494,038</u>	<u>\$23,843,828</u>	<u>\$24,512,475</u>	<u>\$0</u>	<u>\$0</u>
Procurement					
Intragovernmental	\$166,764	\$2,040,055	\$1,406,546	\$0	\$0
With the Public	6,258,534	17,422,516	15,631,778	0	0
Less: Earned Revenues	(175,952)	(445,237)	(181,331)	0	0
Net Program Costs	<u>\$6,249,346</u>	<u>\$19,017,334</u>	<u>\$16,856,993</u>	<u>\$0</u>	<u>\$0</u>
Research, Development, Testing and Evaluation					
Intragovernmental	\$2,336,976	\$136,375	\$558,665	\$0	\$0
With the Public	3,720,102	8,133,366	13,862,638	0	0
Less: Earned Revenues	(1,508,498)	(92,008)	(612,160)	0	0
Net Program Costs	<u>\$4,548,580</u>	<u>\$8,177,733</u>	<u>\$13,809,143</u>	<u>\$0</u>	<u>\$0</u>
Military Construction					
Intragovernmental	\$2,106,958	\$322,112	\$1,963,510	\$0	\$0
With the Public	165,512	3,408,033	1,341,298	0	0
Less: Earned Revenues	(2,155,581)	(414,928)	0	0	0
Net Program Costs	<u>\$116,889</u>	<u>\$3,315,217</u>	<u>\$3,304,808</u>	<u>\$0</u>	<u>\$0</u>

Additional Information included in Note 16.

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATING STATEMENT OF NET COST
For the period ending September 30, 1998
(In Thousands)

	WORKING CAPITAL FUNDS				
	Air Force	Defense Logistics Agency	Defense Finance and Accounting Service	DoD Military Retirement Trust Fund	U.S. Army Corps of Engineers (Civil Works)
Military Personnel					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Operations and Maintenance					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Procurement					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Research, Development, Testing and Evaluation					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Military Construction					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Additional Information included in Note 16.

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATING STATEMENT OF NET COST
For the period ending September 30, 1998
(In Thousands)

	Other Defense Organizations	Other Defense Organizations Working Capital Fund	Eliminating Entries	Total
Military Personnel				
Intragovernmental	\$0	\$0	\$0	\$1,489,807
With the Public	0	0	0	69,318,251
Less: Earned Revenues	0	0	0	(728,359)
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$70,079,699</u>
Operations and Maintenance				
Intragovernmental	\$1,508,742	\$0	\$0	\$26,333,783
With the Public	10,390,877	0	0	66,950,605
Less: Earned Revenues	(958,195)	0	0	(6,492,623)
Net Program Costs	<u>\$10,941,424</u>	<u>\$0</u>	<u>\$0</u>	<u>\$86,791,765</u>
Procurement				
Intragovernmental	\$135,145	\$0	\$0	\$3,748,510
With the Public	1,894,722	0	0	41,207,550
Less: Earned Revenues	1,679	0	0	(800,841)
Net Program Costs	<u>\$2,031,546</u>	<u>\$0</u>	<u>\$0</u>	<u>\$44,155,219</u>
Research, Development, Testing and Evaluation				
Intragovernmental	\$495,314	\$0	\$0	\$3,527,330
With the Public	7,759,675	0	0	33,475,781
Less: Earned Revenues	(245,119)	0	0	(2,457,785)
Net Program Costs	<u>\$8,009,870</u>	<u>\$0</u>	<u>\$0</u>	<u>\$34,545,326</u>
Military Construction				
Intragovernmental	\$25,359	\$0	\$0	\$4,417,939
With the Public	368,132	0	0	5,282,975
Less: Earned Revenues	0	0	0	(2,570,509)
Net Program Costs	<u>\$393,491</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,130,405</u>

Additional Information included in Note 16.

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATING STATEMENT OF NET COST
For the period ending September 30, 1998
(In Thousands)

	GENERAL FUNDS			WORKING CAPITAL FUNDS	
	Army	Navy	Air Force	Army	Navy
Military Retirement Trust Fund					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
USACE Civil Works					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Working Capital Funds					
Intragovernmental	\$0	\$0	\$0	\$6,888,435	\$18,931,384
With the Public	0	0	0	3,446,133	188,409
Less: Earned Revenues	0	0	0	(9,396,699)	(19,066,487)
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$937,869</u>	<u>\$53,306</u>
Other Programs (Note 16)					
Intragovernmental	\$1,757,306	\$67,827	\$26	\$0	\$0
With the Public	110,638	45,670	1,092	0	0
Less: Earned Revenues	(3,170,340)	(20,072)	(62)	0	0
Net Program Costs	<u>(1,302,396)</u>	<u>93,425</u>	<u>1,056</u>	<u>\$0</u>	<u>\$0</u>
Total Program Costs					
Intragovernmental	\$17,099,580	\$10,525,895	\$11,552,493	\$6,888,435	\$18,931,384
With the Public	54,148,769	72,828,741	69,001,646	3,446,133	188,409
Less: Earned Revenues	(7,869,295)	(4,259,706)	(2,909,955)	(9,396,699)	(19,066,487)
Net Cost of Operations	<u>\$63,379,054</u>	<u>\$79,094,930</u>	<u>\$77,644,184</u>	<u>\$937,869</u>	<u>\$53,306</u>

Accompanying notes are an integral part of the statements.

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATING STATEMENT OF NET COST
For the period ending September 30, 1998
(In Thousands)

	WORKING CAPITAL FUNDS				
	Air Force	Defense Logistics Agency	Defense Finance and Accounting Service	DoD Military Retirement Trust Fund	U.S. Army Corps of Engineers (Civil Works)
Military Retirement Trust Fund					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	33,842,108	0
Less: Earned Revenues	0	0	0	(37,771,030)	0
Net Program Costs	\$0	\$0	\$0	(3,928,922)	0
USACE Civil Works					
Intragovernmental	\$0	\$0	\$0	\$0	\$1,126,392
With the Public	0	0	0	0	6,000,196
Less: Earned Revenues	0	0	0	0	(2,594,057)
Net Program Costs	\$0	\$0	\$0	\$0	\$4,532,531
Working Capital Funds					
Intragovernmental	\$9,833,353	\$4,674,560	\$992,512	\$0	\$0
With the Public	9,209,626	9,354,855	687,200	0	0
Less: Earned Revenues	(16,226,623)	(14,296,889)	(1,594,072)	0	0
Net Program Costs	\$2,816,356	(267,474)	\$85,640	\$0	\$0
Other Programs (Note 16)					
Intragovernmental	\$0	\$0	\$0	\$0	\$0
With the Public	0	0	0	0	0
Less: Earned Revenues	0	0	0	0	0
Net Program Costs	\$0	\$0	\$0	\$0	\$0
Total Program Costs					
Intragovernmental	\$9,833,353	\$4,674,560	\$992,512	\$0	\$1,126,392
With the Public	9,209,626	9,354,855	687,200	33,842,108	6,000,196
Less: Earned Revenues	(16,226,623)	(14,296,889)	(1,594,072)	(37,771,030)	(2,594,057)
Net Cost of Operations	\$2,816,356	(\$267,474)	\$85,640	(\$3,928,922)	\$4,532,531

Accompanying notes are an integral part of the statements.

PRINCIPAL STATEMENTS

Department of Defense
CONSOLIDATING STATEMENT OF NET COST
For the period ending September 30, 1998
(In Thousands)

	Other Defense Organizations	Other Defense Organizations Working Capital Fund	Eliminating Entries	Total
Military Retirement Trust Fund				
Intragovernmental	\$0	\$0	\$0	\$0
With the Public	0	0	0	33,842,108
Less: Earned Revenues	0	0	0	(37,771,030)
Net Program Costs	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(3,928,922)</u>
USACE Civil Works				
Intragovernmental	\$0	\$0	\$0	\$1,126,392
With the Public	0	0	0	6,000,196
Less: Earned Revenues	0	0	0	(2,594,057)
Net Program Costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,532,531</u>
Working Capital Funds				
Intragovernmental	\$0	\$2,854,975	\$0	\$44,175,219
With the Public	0	5,650,201	0	28,536,424
Less: Earned Revenues	0	(7,458,686)	0	(68,039,456)
Net Program Costs	<u>\$0</u>	<u>\$1,046,490</u>	<u>\$0</u>	<u>\$4,672,187</u>
Other Programs (Note 16)				
Intragovernmental	\$17,845,424	\$0	\$0	\$19,670,583
With the Public	19,443,105	0	0	19,600,505
Less: Earned Revenues	(3,792,494)	0	0	(6,982,968)
Net Program Costs	<u>33,496,035</u>	<u>\$0</u>	<u>\$0</u>	<u>\$32,288,120</u>
Total Program Costs				
Intragovernmental	\$20,009,984	\$2,854,975	(\$91,332,150)	\$13,157,413
With the Public	39,856,511	5,650,201	0	304,214,395
Less: Earned Revenues	(4,994,129)	(7,458,686)	91,332,150	(37,105,478)
Net Cost of Operations	<u>\$54,872,366</u>	<u>\$1,046,490</u>	<u>\$0</u>	<u>\$280,266,330</u>

Accompanying notes are an integral part of the statements.

PRINCIPAL STATEMENTS

Department of Defense

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the period ending September 30, 1998

(In Thousands)

	FY 1998
Net Cost of Operations	\$280,266,330
Financing Sources (Other than Exchange Revenues):	<u>280,522,560</u>
Appropriations Used	276,530,484
Taxes (and Other Non-exchange Revenue)	820,609
Donations (Non-exchange Revenue)	9,892
Imputed Financing	2,730,913
Transfers-In	14,809,184
Transfers-Out	(14,378,522)
Net Results of Operations	\$256,230
Prior Period Adjustments (Note 18)	<u>(740,996,400)</u>
Net Change in Cumulative Results of Operations	(740,740,170)
Increase (Decrease) in Unexpended Appropriations	<u>1,935,971</u>
Change in Net Position	(738,804,199)
Net Position-Beginning of Period	<u>381,481,557</u>
Net Position-End of Period	<u><u>(\$357,322,642)</u></u>

Additional information included in Note 18.

PRINCIPAL STATEMENTS

**Department of Defense
CONSOLIDATING STATEMENT OF
CHANGES IN NET POSITION
For the period ending September 30, 1998
(In Thousands)**

	GENERAL FUNDS			WORKING CAPITAL FUNDS	
	Army	Navy	Air Force	Army	Navy
Net Cost of Operations	\$63,379,054	\$79,094,930	\$77,644,184	\$937,869	\$53,306
Financing Sources (Other than Exchange Revenues)					
Appropriations Used	64,157,828	78,229,846	74,754,182	0	0
Taxes (& Other Non-exchange Revenue)	0	0	0	0	0
Donations (Non-exchange Revenue)	0	8,890	750	0	0
Imputed Financing	809,963	421,687	519,219	89,997	408,730
Transfers-In	2,855,602	33,692	0	2,051,790	3,934,548
Transfers-Out	<u>(836,379)</u>	<u>0</u>	<u>(593,421)</u>	<u>(1,153,620)</u>	<u>(3,910,172)</u>
Net Results of Operations (Line 2 less Line 1)	\$3,607,960	(\$400,815)	(\$2,963,454)	\$50,298	\$379,800
Prior Period Adjustments (Note 18)	<u>(144,536,432)</u>	<u>(339,528,420)</u>	<u>(240,723,772)</u>	<u>228,093</u>	<u>(965,226)</u>
Net Change in Cumulative Results of Operations	(140,928,472)	(339,929,235)	(243,687,226)	278,391	(585,426)
Increase (Decrease) in Unexpended Appropriations	<u>(1,702,014)</u>	<u>1,352,934</u>	<u>(270,207)</u>	<u>0</u>	<u>1,033,833</u>
Change in Net Position	(142,630,486)	(338,576,301)	(243,957,433)	278,391	448,407
Net Position-Beginning of Period	<u>178,821,556</u>	<u>441,527,757</u>	<u>326,934,124</u>	<u>12,585,662</u>	<u>15,747,734</u>
Net Position-End of Period	<u><u>\$36,191,070</u></u>	<u><u>\$102,951,456</u></u>	<u><u>\$82,976,691</u></u>	<u><u>\$12,864,053</u></u>	<u><u>\$16,196,141</u></u>

Accompanying notes are an integral part of the statements.

PRINCIPAL STATEMENTS

Department of Defense

CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION

For the period ending September 30, 1998
(In Thousands)

	WORKING CAPITAL FUNDS				U.S. Army Corps of Engineers (Civil Works)
	Air Force	Defense Logistics Agency	Defense Finance and Accounting Service	DoD Military Retirement Trust Fund	
Net Cost of Operations	\$2,816,356	(\$267,474)	\$85,640	(\$3,928,922)	\$4,532,531
Financing Sources (Other than Exchange Revenues)					
Appropriations Used	0	0	0	0	3,461,594
Taxes (& Other Non-exchange Revenue)	0	0	0	0	822,470
Donations (Non-exchange Revenue)	0	0	0	0	251
Imputed Financing	106,346	190,517	61,695	0	0
Transfers-In	3,074,255	1,565,121	10,744	0	908,560
Transfers-Out	<u>(1,527,953)</u>	<u>(1,386,436)</u>	<u>(67,850)</u>	<u>0</u>	<u>(1,814,416)</u>
Net Results of Operations (Line 2 less Line 1)	(\$1,163,708)	\$636,676	(\$81,051)	\$3,928,922	(\$1,154,072)
Prior Period Adjustments (Note 18)	<u>(3,255,603)</u>	<u>267,434</u>	<u>87,026</u>	<u>0</u>	<u>(1,854,140)</u>
Net Change in Cumulative Results of Operations	(4,419,311)	904,110	5,975	3,928,922	(3,008,212)
Increase (Decrease) in Unexpended Appropriations	<u>33,400</u>	<u>15,332</u>	<u>0</u>	<u>0</u>	<u>1,427,467</u>
Change in Net Position	(4,385,911)	919,442	5,975	3,928,922	(1,580,745)
Net Position-Beginning of Period	<u>25,664,080</u>	<u>10,070,407</u>	<u>138,307</u>	<u>(501,074,222)</u>	<u>38,738,599</u>
Net Position-End of Period	<u><u>\$21,278,169</u></u>	<u><u>\$10,989,849</u></u>	<u><u>\$144,282</u></u>	<u><u>(\$497,145,300)</u></u>	<u><u>\$37,157,854</u></u>

Accompanying notes are an integral part of the statements.

PRINCIPAL STATEMENTS

Department of Defense

CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION

For the period ending September 30, 1998

(In Thousands)

	Other Defense Organizations	Other Defense Organizations Working Capital Fund	Eliminating Entries	Total
Net Cost of Operations	\$54,872,366	\$1,046,490	\$0	\$280,266,330
Financing Sources (Other than Exchange Revenues)				
Appropriations Used	54,964,585	962,449	0	276,530,484
Taxes (& Other Non-exchange Revenue)	(1,861)	0	0	820,609
Donations (Non-exchange Revenue)	1	0	0	9,892
Imputed Financing	122,759	0	0	2,730,913
Transfers-In	8,509	366,363	0	14,809,184
Transfers-Out	<u>(270,523)</u>	<u>(2,817,752)</u>	<u>0</u>	<u>(14,378,522)</u>
Net Results of Operations (Line 2 less Line 1)	(\$48,896)	(\$2,535,430)	\$0	\$256,230
Prior Period Adjustments (Note 18)	<u>(10,655,687)</u>	<u>(59,673)</u>	<u>0</u>	<u>(740,996,400)</u>
Net Change in Cumulative Results of Operations	(10,704,583)	(2,595,103)	0	(740,740,170)
Increase (Decrease) in Unexpended Appropriations	<u>38,955</u>	<u>6,271</u>	<u>0</u>	<u>1,935,971</u>
Change in Net Position	(10,665,628)	(2,588,832)	0	(738,804,199)
Net Position-Beginning of Period	<u>(171,640,045)</u>	<u>3,967,598</u>	<u>0</u>	<u>381,481,557</u>
Net Position-End of Period	<u><u>(\$182,305,673)</u></u>	<u><u>\$1,378,766</u></u>	<u><u>\$0</u></u>	<u><u>(\$357,322,642)</u></u>

Accompanying notes are an integral part of the statements.

PRINCIPAL STATEMENTS

Department of Defense
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the period ending September 30, 1998
(In Thousands)

	FY 1998
BUDGETARY RESOURCES	
Budget Authority	\$320,933,439
Unobligated Balance - Beginning of Period	173,385,002
Net Transfers Prior-Year Balance, Actual (+/-)	573,310
Spending Authority from Offsetting Collections	102,794,688
Adjustments	<u>6,350,361</u>
Total Budgetary Resources	<u><u>\$604,036,800</u></u>
STATUS OF BUDGETARY RESOURCES	
Obligations Incurred	423,049,039
Unobligated Balances - Available	173,588,873
Unobligated Balances - Not Available	<u>7,398,888</u>
Total, Status of Budgetary Resources	<u><u>\$604,036,800</u></u>
OUTLAYS	
Obligations Incurred	423,049,039
Less: Spending Authority From Offsetting Collections and Adjustments	<u>(116,597,566)</u>
Obligated Balance, Net - Beginning of Period	147,316,325
Obligated Balance Transferred, Net	<u>(7,467)</u>
Less: Obligated Balance, Net - End of Period	<u>(143,360,853)</u>
Total Outlays	<u><u>\$310,399,478</u></u>

Additional information included in Note 19.

PRINCIPAL STATEMENTS

Department of Defense
COMBINED STATEMENT OF FINANCING
For the period ending September 30, 1998
(In Thousands)

FY
1998

OBLIGATIONS AND NONBUDGETARY RESOURCES

Obligations Incurred	\$423,049,039
Less: Spending Authority for Offsetting Collections and Adjustments	(116,597,566)
Donations Not in the Entity's Budget	191
Financing Imputed for Cost Subsidies	2,730,912
Transfers-In (Out)	430,664
Exchange Revenue Not in the Entity's Budget	(38,437,216)
Other	<u>(1,255,464)</u>

Total Obligations as Adjusted and Nonbudgetary Resources \$269,920,560

RESOURCES THAT DO NOT FUND NET COST OF OPERATIONS

Change in Amount of Goods, Services, and Benefits Ordered but Not Yet Received or Provided	279,054
Costs Capitalized on the Balance Sheet	6,517,552
Financing Sources That Fund Costs of Prior Periods	4,377,874
Other	<u>(18,469,502)</u>

Total Resources That Do Not Fund Net Costs of Operations (\$7,295,022)

COSTS THAT DO NOT REQUIRE RESOURCES

Depreciation and Amortization	4,444,970
Revaluation of Assets and Liabilities	8,760,545
Other	<u>(4,895,227)</u>
Total Costs That Do Not Require Resources	<u>\$8,310,288</u>

Financing Sources Yet to be Provided 9,330,504

Net Cost of Operations \$280,266,330

Additional information included in Note 20.

PRINCIPAL STATEMENTS

Department of Defense
STATEMENT OF CUSTODIAL ACTIVITY
For the period ending September 30, 1998
(In Thousands)

	FY 1998
SOURCES OF COLLECTIONS	
Deposits by Foreign Governments	\$14,135,269
Accrual Adjustments (+/-)	<u>0</u>
Total Custodial Revenue	<u>\$14,135,269</u>
DISPOSITION OF COLLECTIONS	
Disbursed on Behalf of Foreign Governments and International Organizations	\$14,010,451
Increase (Decrease) in Amounts to be Transferred Retained by the Reporting Entity	123,191 <u>1,627</u>
Total Disposition of Revenue	<u>\$14,135,269</u>
Net Custodial Revenue Activity	<u><u>\$0</u></u>